THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) Tranport allowance was paid to all Central Government employees with effect from 1.8.97 after deducting tax at source. Subsequently through a retrospective amendment to the relevant rules, such transport allowance was held to be exempt. Accordingly a large number of refunds arose in the case of Central Government employees for assessment year 1998-99. Where special countrs for receipt of return were opened as part of an effort to provide better service, returns were processed under section 143(1) (a) across the counter and refunds were also issued simultaneously.

(b) All the remaining refunds will be issued at the time of completion of processing of the returns in acordance with the provisions of the Income Tax Act, 1961.

(c) No, Sir.

Impact of Relaxation of Sanctions by USA

213. SHRI YOGINDER K. ALAGH: Will the Minister of FINANCE be pleased to State the impact of the relaxation of sanctions by the United States on infrastructure projects investment in India?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): The relaxation of sanctions recently announced by the United States is confined to two distinct areas—primarily economic and some limited defence cooperation. On the economic from the waivers include removal of restrictions on assistance through EXIM Bank. Overseas Private Investment Corporation (OPIC) and the Trade Development Authority (TDA). Restrictions onthe activities of US Banks in India will also be lifted. The exact impact of these relaxation of infrastructure projects investment would be clear in due course of time.

Release of IMF Aid to Pakistan

214. SHRI RAJUBHAI A. PARMAR:
SHRIMATI VEENA VERMA:
SHRI AKHILESH DAS:

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the reported release of IMF- aid to Pakistan, despite imposition of sanction against India and Pakistan, in the aftermath of the serial nuclear tests by the two countries in May this Year: and

(b) if so, whether such IMF aid has been resumed in respect of India also, if not, what steps have been taken by Government to persuade IMF, World Bank and other international financial organisation to correspondingly relax the sanctions against India as well?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) While discussions are going on between Government of Pakistan and the IMF for resumption of IMF assistance, no formal decision has yet been made.

(b) Since India is not on any IMF programme, the question of resumption of IMF aid to India does not arise.

Decline in NRI Investment in the Country

215. DR. MOHAN BABU: Will the Minister of FINANCE be pleased to state:

(a) whetehr it is a fact that there has been a sharp decline in the Non-Resident Indians (NRIs) investment in the country during the last three years;

(b) if so, what are the reasons for the decline;

(c) the steps taken by Government to generate confidence amongst the NRIs and motivate them to invest in the country?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) The pattern of NRI investment is

guided by a host of variables including the investors perception of market return, alternative avenues of investment, preferred instruments of investments, international interest rates etc. As per the date/ information made available by the Reserve Bank of India, while investment in Indian companies by NRIs in the last three years has gone down, the Bank deposits, in the corresponding period, have been consistently on the increase. There had been an overwhelming response to the Resurgent India Bonds recently floated by the State Bank of India and an amount of more than US $ 4.16 Billion had been mobilised. Considering the scenerio in totality, the pattern of NRI investment is perceived to be undergoing normal corrections.

(c) Government, on an ongoing basis, have taken several measures to encourage NRI investment in the Indian companies. Some of the recent initiatives include enhancement of the portfolio investment ceiling for NRIs, simplification of approval mechanism for investments through capital market, liberalisation of norms of NRI investment in the health services etc.

Compulsory Quoting of PAN

216. SHRI K.M. KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have issued any instructions that quoting of PAN is compulsory in eigth categories of transactions w.e.f. Ist November, 1998;

(b) if so, the details in this regard;

(c) whether the instructions as stated in part (a) have been relaxed for some category of people;

(d) whether instructions have been relaxed for registration of two-wheelers, second-hand four wheelers for looking after senior family members and opening of Saving Bank Account and Recurring Deposit Account with a Bank/Banking Company/Institutions; and

(e) whether the instructions do not apply to individuals not being covered under Income Tax provisions but making saving as per provisions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARDHANAN): (a) and (b) Quoting of Permanent Account Number (PAN) or General Index Register Number (GIR No.) has been made compulsory in documents pertaining to following categories of transactions:—

(i) Sale or purchase of any immovable property valued at five lakh rupees or more.

(ii) Sale or purchase of motor vehicles, other than two-wheelers.

(iii) Time deposits exceeding fifty thousand rupees in Bank.

(iv) Deposits exceeding fifty thousand rupees with Post Office Savings Bank.

(v) Contracts relating to sale or purchase of securities exceeding the value of ten lakh rupees.

(vi) Opening an account in a Bank.

(vii) Applications for installation of telephone.

(viii) Payments to hotels & restaurants exceeding twenty five thousand rupees.

However any person who has not been allotted PAN or does not have GIR No. and who makes payment in cash or otherwise than by a crossed cheque or crossed bank draft in respect of above categories of transactions is required to file only a simple declaration in the prescribed form to establish his identity.

(c) The provisions regarding compulsory quoting of PAN or GIR No. are not applicable to,

(i) persons who have only agricultural income and who are not liable to income tax otherwise; and